

30 November 2016

Faroe Petroleum plc

(“Faroe”, “Faroe Petroleum”, the “Company”)

Oda field development plan submission

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in Norway and the UK, is pleased to announce that the partners in the Oda (previously named Butch) field (licence PL 405) have submitted the plan for its Development and Operation (“PDO”) to the Norwegian Ministry of Petroleum and Energy.

The Oda field (Faroe 15%) was discovered in 2011, in the Norwegian North Sea, in shallow water approximately 13 kilometres east of the producing Ula field (Faroe 20%). The proposed development will include a 4-slot seabed template with two production wells, and one water injection well, which will tie back to the Ula platform. Oil will be transported via the Norpipe system to the Teesside Terminal in the UK, while the gas will be sold at the platform to Ula for re-injection into the Ula reservoir to improve recovery.

This subsea tie-in presents an innovative solution, reusing the existing Oselvar infrastructure (Faroe 55% and operator) from the Ula platform. Production from Oselvar will cease in order to allow Oda production to commence and the Oselvar owners will be compensated accordingly.

The Oda partnership (which includes Centrica Norge (Operator 40%), Suncor Energy Norge (30%) and Aker BP (15%)) has worked over the last two years to reduce investment costs by over 40%. Expected investment has been reduced to around NOK 5.4 billion (Faroe net £82 million), with production scheduled to commence in 2019.

2P reserves from Oda are estimated to be 42 mmboe, of which 95% is oil and peak production is anticipated to be around 35,000 boepd (Faroe net 5,250 boepd).

Graham Stewart, CEO of Faroe Petroleum commented:

“Oda is another outstanding example of the exploration success Faroe has had in Norway. I am very pleased to announce that the development plan for the Oda field has now been submitted, signifying an important step for Faroe’s future production growth. Following the successful Hyme development, Oda is the second Norwegian subsea tie-back development that Faroe has participated in, located in one of the Company’s core areas. Faroe is well-funded for the development with cash on hand and an undrawn reserve based lending facility available.

“Interests in the Ula and Oselvar fields, recently acquired by Faroe as part of the package of assets acquired from DONG Energy, provide further synergies and upside alongside Oda, where Faroe will benefit from enhanced recovery from gas injection in the Ula field along with tariff income and financial compensation from Oda owners as an Oselvar owner.”

– Ends –

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Notes to Editors

The Company has, through successive licence applications and acquisitions, built a substantial and diversified portfolio of exploration, appraisal, development and production assets in Norway, the UK and Ireland.

Faroe Petroleum is an experienced licence operator having operated several exploration wells successfully in Norway and the UK and is also the production operator of the Schooner and Ketch gas fields in the U.K. Southern Gas Basin. Faroe recently applied to be operator of two producing fields in Norway, Trym and Oselvar, which the Company has agreed to acquire from DONG Energy. Faroe also has extensive experience working with major and independent oil companies both in Norway and in the UK.

The Company's substantial licence portfolio provides a considerable spread of risk and reward. Faroe has an active E&A drilling programme and has interests in five principal producing oil and gas fields in the UK and Norway, including the Schooner and Ketch gas fields and the Blane oil field in the UK, and interests in the Brage and Ringhorne East fields in Norway. In July 2016 the Company announced the acquisition of a package of Norwegian producing assets from DONG Energy including interests in the Ula, Tambar, Oselvar and Trym fields. Full year average production for 2016, including economic production from the acquisition, is estimated to be between 16,000-18,000 boepd.

In November 2013 and March 2014 Faroe announced the Snilehorn and Pil discoveries in the Norwegian Sea in close proximity to the Njord and Hyme fields. More recently, in July 2016 the Company announced the Brasse discovery, next to the Brage field, and the Njord North Flank discovery, next to the Njord field, both in Norway.

Norway operates a tax efficient system which incentivises exploration, through reimbursement of 78% of costs in the subsequent year. Faroe has built an extensive portfolio of high potential exploration licences in Norway which, together with its established UK North Sea positions provides the majority of prospects targeted by the Company's sustainable exploration drilling programme.

Faroe Petroleum is quoted on the AIM Market of London Stock Exchange. The Company is funded from cash reserves and cash flow, and has access to a \$200 million reserve base lending facility, with a fully

funded committed drilling programme through 2016. Faroe has a highly experienced technical team who are leaders in the areas of seismic and geological interpretation, reservoir engineering and field development, focused on creating exceptional value for its shareholders.

Glossary

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| boepd | barrels of oil equivalent per day |
| DONG Energy | Dong E&P Norge AS |
| mmboe | million barrels of oil equivalent |
| Reserves | Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: They must be discovered, recoverable, commercial, and remaining (as of a given date) based on the development project(s) applied. |

Estimates of reserves and resources contained in this announcement were prepared in accordance with the Petroleum Resource Management System guidelines endorsed by the Society of Petroleum Engineers, World Petroleum Congress, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers.

Andrew Roberts, Group Exploration Manager of Faroe Petroleum and a Geophysicist (BSc. Joint Honours in Physics and Chemistry from Manchester University), who has been involved in the energy industry for more than 30 years, has read and approved the exploration and appraisal disclosure in this regulatory announcement.

The information contained within this announcement is considered to be inside information prior to its release, as defined in Article 7 of the Market Abuse Regulation No. 596/2014, and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.